CONSULTATION ON THE MARKETING CODE OF PRACTICE (Pursuant to September IME3 modifications)

February 2013
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Introduction

This consultation document seeks stakeholder views relating to the new Marketing Code of Practice for electricity and gas suppliers. The UR is seeking to:

1. Collect and discuss stakeholder views in relation to the content of the proposed Code;
2. Ensure that energy consumers benefit from protection via the Code; and
3. Ensure energy Suppliers, and other stakeholders, are aware of the importance we place on customer protection via the Marketing Code, and of Supplier responsibilities to adhere to the Marketing Code under their licence conditions (as modified by recent licence modifications).

Implementation of the EU’s Third Package of energy market Directives (IME3) has resulted in licence modifications which require the development of a new Marketing Code of Practice. The Marketing Code of Practice will protect gas and electricity customers, in particular vulnerable customers, from inappropriate marketing practices, ensuring that they can make an informed, un-pressurised decision on whether or not to change their energy supplier.

When finalised, the content, format and language of the new Code will be mandatory for all Suppliers. All suppliers will have to comply with the Code. There is an existing voluntary Marketing Code of Conduct in Northern Ireland which has been developed by CCNI however, the 2008 Ofgem Energy Supply Probe\(^1\) highlighted that in GB problems continued to emerge in the energy retail market, despite the existence of the GB voluntary Code and existing licence Conditions. Some of these problems have resulted in fines and penalties. Furthermore, there is evidence of selling problems and customer dissatisfaction in Northern Ireland as evidenced in the CCNI 2011-2012 complaints report. CCNI state that, as a result of increased competition and consumers switching supplier, they have received a greater number of enquiries and complaints in relation and that these relate to the switching process and associated problems\(^2\). The UR believes that Supplier mis-selling or poor customer

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information at the point of sale are fundamental issues to the operation of the newly-competitive energy supply market, and need clear, firm and enforceable rules and regulation.

Therefore, the UR implemented, as part of the IME3 licence modifications a condition that the Marketing Code will be written by the UR and that all Supply licensees will be required to adhere to the new Marketing Code. Failure to do so will be a licence breach and will be subject to enforcement action, including the possibility of financial penalties.

It should be noted that the Marketing Code is in addition to, and not a substitute for, existing legislative consumer protection. Nothing in the Marketing Code is intended to, or should be deemed to, constitute an exemption from the Suppliers’ legal obligation to comply with any and all relevant legislation, statute, statutory instrument, regulation or order (or any provision thereof) or any subordinate legislation.

This consultation is the first step towards the development and implementation of the Marketing Code. We ask that comments about the draft Code are concise and deal directly with the actual drafting and include paragraph reference numbers and quotations. Generic responses will not be as useful in highlighting respondent’s views regarding the requirements of the code and should be avoided. Specific points related to specific sections of the Code will be more useful.

In order to encourage and facilitate full stakeholder engagement in this consultation process the UR will hold a workshop during the consultation period. Both industry representatives and stakeholders from consumer and community and voluntary organisations will be invited to attend in order to discuss the proposed Marketing Code. A provisional date of 21st March 2013 has been set for this workshop and details will be available on our website in due course.
Next Steps

Once all the responses to this paper are received and analysed, the UR intends to finalise the Marketing Code and issue a Decision Paper. It is expected that electricity and gas supply companies will comply with the Marketing Code from the date of publication or such other date as directed by the UR. The UR will continue to work with stakeholders and partners such as the Consumer Council and the Trading Standards Service on marketing and consumer issues.

Section 75 of the Northern Ireland Act 1998

Section 75 of the Northern Ireland Act places a duty on public authorities to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations between different categories. Whilst every care has been taken in the drafting of this document to adhere to best practice in relation to Section 75, the Utility Regulator would very much value the input of its stakeholders and the communities with whom it endeavours to participate. We aim to promote equality of opportunity between nine categories of persons, namely between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation; between men and women generally; between persons with a disability and persons without; and between persons with dependents and persons without.

As part of this consultation exercise we would like to determine whether any of the nine groups defined above are significantly affected, either positively or negatively, or does the policy under consideration create differential impacts between groups within each Section 75 category? Is this impact adverse or beneficial? The Utility Regulator is keen to incorporate any recommendations received in this regard into its policy and will respond to contributors indicating what decisions it has made in respect of the consultation. The consultation period is from 20th February 2013 to 17th May 2013.
How to Respond

The UR welcomes industry and other stakeholder views and comments on all the proposals set out in this consultation paper.

The consultation period will close on 17th May 2013

Responses to this consultation should be forwarded to reach the UR on or before 5pm on 17th May 2013 to:

Sinead Dynan
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED
Email: sinead.dynan@uregni.gov.uk

Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation’s IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
Information provided in response to this consultation, including personal information may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things with obligations of confidence.

In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Authority.

This document is available in accessible formats. Please contact: Sinead Dynan on 028 9031 6339 or sinead.dynan@uregni.gov.uk.
Background to the Consultation

In July 2009 the European Union issued the Third Energy Package of EU legislation aimed at liberalising the EU internal energy markets and ensuring adequate customer protection (‘the Third Package’ or IME3). The package had a new and deliberate emphasis on ensuring that customers, and in particular vulnerable customers, are afforded proper and appropriate protection in their relationship and dealings with Suppliers.

Alongside DETI, the UR has responsibility for the implementation of this legislation in Northern Ireland. DETI introduced the formal Third Package enabling legislation in spring of 2011. Subsequently, the UR published a consultation paper “The Implementation of the EU Third Package Internal Energy Package” (IME3) in July 2011. The DETI Minister approved the final set of licence modifications in August 2012 and they are now binding.

One of the outcomes of the licence modifications is the enhanced protection for customers via Amended Condition 40 in the electricity supply licence and Amended Condition 2.21 in the gas supply licence which states that Suppliers will comply with the Marketing Code of Practice.

A competitive retail market can bring many benefits to energy consumers but also brings with it the possibility of mis-selling or inappropriate marketing behaviour. The UR believes the Marketing Code of Practice is necessary to protect consumers from any potential harm from mis-selling or poor marketing behaviours. European wide energy legislation requires regulators to deliver a high level of consumer protection; indeed this is stated in Annex 1 of the Directive on the Internal Energy market which says:

“Customers shall be protected against unfair or misleading selling methods;”

We believe this new Code is in keeping with that requirement and have worked with the CCNI and the Trading Standards Service in the development of the Code. The

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Code is also in line with the statutory duties of the UR, which places a high level of importance on customer protection. The UR intends that adherence to this Code, in both letter and spirit, will be a mandatory licence requirement for all regulated energy Suppliers. Adherence to the Marketing Code will be monitored to ensure compliance. Where necessary and appropriate, enforcement action may be taken and in some circumstances fines or penalties imposed; however any action taken will be considered and proportionate.

**Current licence condition around marketing activities**
There had previously existed a marketing condition in both the Supply licence for gas (e.g. Airtricity Supply – Condition 2.21) and electricity (e.g. Power NI – Condition 40). However, those conditions only set out high level principles and did not provide detailed guidance on marketing activity. The new Marketing Code of Practice will detail permissible and non-permissible marketing related activities.

Two further important policy contexts are worth also noting at this point:
First, retail energy competition has now emerged in NI, but is still at an early and immature stage. Therefore, it is essential to protect customers from potential mis-selling or poor marketing. Customers in Northern Ireland may be relatively inexperienced with regard to distinguishing between different energy tariff offerings and Supplier packages. This will be especially true in the domestic sector. This inexperience coupled with inappropriate or misleading marketing information gives rise to the potential for poor customer decision making and bad switching experiences. This could prove detrimental not only to consumers, but also to confidence in energy retail competition as a whole.

Second, experience from GB indicates that marketing and selling problems in the energy market can have a detrimental impact on customer’s experiences of energy competition. In the 2008 Energy Supply Probe⁴, Ofgem noted that in the early stages of retail competition in the GB market, mis-selling was a serious problem and cited evidence of customers being switched without consent. In some instances, Ofgem

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imposed penalties for breach of licence conditions. We wish to learn from those experiences and protect NI customers in this regard.

**Code content and learning from elsewhere**

The UR are aware that in GB, NI and the RoI, there are a number of relevant Marketing Codes currently in existence which we can learn from in terms of developing our own proposals, including:

- CCNI - Marketing Code Of Conduct For Natural Gas and Electricity Suppliers In Northern Ireland\(^6\); and
- CER Electricity and Natural Gas Hand Book\(^7\)

We have given due consideration to these other Codes in the development of the new Marketing Code of Practice for suppliers in NI.

Ofgem has undertaken a number of reviews of the marketing issues negatively affecting customers in GB and in light of the work done to remedy these issues we have considered the licence conditions set by Ofgem, in Standard Licence Condition 25 of the Electricity and Gas Supply Licences. The relevant GB licence condition was amended a number of years ago with the view to increase the rigour with which the marketing activities of Suppliers were regulated. The objective of the amendment being to help ensure that domestic customers were able to make well-informed decisions in response to telephone and face-to-face sales activities.

In September 2010, Ofgem launched an investigation into the level of compliance with the amended licence condition. One of the outcomes of this investigation has led to the recent agreement that EDF would pay an amount of £4.5 million due to issues in terms of the lack of controls within their sales processes.

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\(^6\) [http://www.consumer council.org.uk](http://www.consumer council.org.uk)

In addition to this type of issue outlined above, all but one of the ‘Big 6’ Suppliers in GB has stopped their practice of ‘doorstep selling’.

This would lead to the possible conclusion that despite the existence of a voluntary Code and a more prescriptive licence condition, there are still issues in relation to the marketing activities of energy Suppliers in GB especially with regard to doorstep or face to face marketing.

We are keen to learn from the marketing problems experienced in the energy market in GB and prevent a similar situation arising in Northern Ireland. The Marketing Code of Practice will apply to all energy Suppliers in Northern Ireland who hold a licence. All electricity and natural gas Suppliers will be required to sign up to and adhere to this new Code in order to comply with their licence.

Suppliers will have a copy of the Code on their website and on their promotional material. A full copy of the Code will be made available to customers on request either via the website or as a printed copy by post.
Marketing Code of Practice

Structure
The new Marketing Code of Practice will be comprehensive in order to adequately protect customers. We envisage that the main areas covered by the Code should include:

a) Recruitment & Training (agents and staff)
b) ‘Doorstep Selling’;
c) Face-to-face selling/contact;
d) Telesales;
e) Website/internet;
f) Marketing Material/literature;
g) Marketing by Post; and
h) Marketing by email or via text message

The complete Code is contained in the Annex A to this paper.

As demonstrated in the following sections there will be an extent of cross over in the various specific areas that the Code addresses. Therefore, the Code should be taken as whole, rather than any one section in isolation.

At an overall level the Code should:
• protect consumers against unwanted, unfair or misleading marketing methods;
• ensure that a Supplier adopts best practice when marketing its products and services;
• ensure that Suppliers take all reasonable steps to make sure their marketing material is accurate and specifies the product being marketed;
• ensure that the appropriate training is provided, on the Marketing Code, to their staff (including agents/third parties) if they are carrying out marketing activities on behalf of the supplier;
• ensure that Suppliers make all reasonable efforts that employees or agents do not misrepresent the firm or portray rival Suppliers in a negative way; and
• make it mandatory that Suppliers provide the option for customers (current or future) to opt out of future marketing activities.

One of the key elements of the Marketing Code of Practice is ensuring that sales agents do not misrepresent the savings that customers can make by switching. It will be incumbent upon any sales agent or representative of the company to demonstrate how any individual customer will save money with switching.

a) Recruitment (including third party contracts) & Training

Any party who acts on behalf of the licensee will be bound by the conditions of the Marketing Code of Practice. In addition to this, if a licensee contracts with a third party for the recruitment of or provision of sales agents it must ensure that the third party complies with the components of the Code.

This area of the Code will help to address concerns that customers have with regard to doorstep selling. Similarly this will extend to any telesales staff and those who engage face-to-face with the customer. Essentially, the Code will cover any person employed by or acting on behalf of the supplier. By stipulating the appropriate process and training it should ensure that the licensee takes responsibility for the agents which they employ. We view agents as a direct extension of the licensee.

With regard to recruitment and training the Code covers such things as:
• Taking account of an applicant’s knowledge and skills with reference to the role they will carry out including the relevant principles of consumer law;
• Taking all reasonable steps to obtain all the relevant information and confirmations of the applicants previous experience and activities;
• Proof of address and at least 2 appropriate references (where referee cannot be related to the applicant)
• Once an applicant has been recruited the licensee must ensure that the Agent or the employee is appropriately trained including awareness of the
b) Doorstep Selling

Doorstep selling is when someone sells services in someone’s home or on their doorstep. It can be a convenient way for energy consumers to switch supplier, but there is a risk that people may not understand their cancellation rights and feel under pressure to buy something they do not want or is not good value for money. Evidence has shown that consumers in GB do not trust doorstep selling; and in some cases doorstep selling has resulted in poor choices being made by customers (e.g. to move onto higher rather than lower tariffs). Therefore, we aim to address some of the concerns and issues that customers may have through the Marketing Code of Practice.

One of the core aims in relation to the Code in the area of ‘doorstep selling’ is to help ensure that energy customers do not feel they are being coerced or put under pressure to sign up with the supplier. The Consumer Focus report “The end of the road – Energy consumers’ experience with doorstep sellers” highlights the experience of GB customers. This report states that the majority of consumers are unhappy with ‘doorstep selling’ as a means by which to sign up new customers. The research stated that very few of the customers who had been exposed to doorstep selling were content with their experience of it and more than nine out of ten people who have bought energy products on the door would never do so again. The report states that only 4 per cent of consumers had a positive view of doorstep selling by energy companies and that 50 per cent of those who had signed up for a

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product or service on the doorstep and then changed their mind, did so because they felt under pressure to buy.

EDF has recently paid a settlement (agreed with Ofgem) in relation to issues with controls in their sales processes and Ofgem also fined Scottish & Southern Energy £1.25$^9$ million at the beginning of May 2012 ‘for misleading doorstep sales practices’, the fine was imposed after its appeal against prosecution was turned down.

Although five out of six of the main energy Suppliers in GB have ceased the practice of doorstep selling, it may be detrimental to the development of new competition in the domestic market to completely prohibit energy-related doorstep selling in Northern Ireland. This is due to the current need for those Suppliers competing against the current incumbent to gain market share. Active Suppliers have indicated that in a new market, doorstep selling is an effective marketing tool. We would not, therefore, at this stage want to prohibit doorstep selling completely but wish to ensure that it is done correctly. Setting down firm directions on how companies must behave if they engage in doorstep selling will prevent the issues which have arisen in the GB market. And UR will work with both CCNI and Trading Standards as needed going forward to ensure compliance with the Code and investigate any potential breaches.

With regard to doorstep selling the Code will cover such things as:

- Sales Agents must only make sales calls between 9am and 7pm (Monday to Saturday) unless it is at the customer’s request;
- A contact number must be left with any consumer, on request;
- Provision of details of any cooling off period that applies;
- Sales Agent must not exploit a person’s inexperience, vulnerability, credulity, loyalties or intimidate a consumer in an attempt to restrict their ability to make an informed choice;

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$^9$ http://www.guardian.co.uk/money/2012/may/04/scottish-southern-energy-ruling?newsfeed=true
• Must not use high pressure tactics or any Banned Practices (those which are those included in the Office of Fair Trading (OFT) Consumer Protection from Unfair Trading\textsuperscript{10})

• Must provide evidence of any savings a salesperson claims a customer can make in any comparisons. Furthermore, any comparison needs to be in an easily understandable format. This requirements concurs with the recent EU guidance in the Energy Efficiency Directive (Directive 2012/27/EU\textsuperscript{11}) which says:

> “information and estimates for energy costs are provided to consumers on demand in a timely manner and in an easily understandable format enabling consumers to compare deals on a like-for-like basis.”

Q.4 Do respondents think that the practice of doorstep selling is appropriate for Northern Ireland?

Q.5 Do respondents think that the section of the Code relating to doorstep selling covers all relevant areas? Are there any further comments that respondents have with relation to doorstep selling?

c) Face-to-face selling/contact with customers

Face-to-face selling and contact with customers is taken to mean any situation whereby a sales representative of the energy supplier comes into contact with a potential customer. This scenario could include marketing events or a third party retail premises, such a shopping centre or an airport. The overall principles will be the same as those laid out for doorstep selling in that many of the issues in relation to these areas are similar.

\textsuperscript{10} http://www.oft.gov.uk/shared_oft/business_leaflets/cpregs/of1008.pdf

Similarly to doorstep selling, the Code shall protect potential customers from feeling they have been pressured into signing up with the supplier. The Code will also ensure that any information provided is as accurate as possible and does not mislead the customer.

The Code includes stipulations such as:

- Sales Agent may make sales between 8am and 10pm;
- Sales Agent must avoid the consumer misunderstanding any information given or making false assumptions, in particular over potential savings, and must not act to mislead or make omissions designed to mislead; and
- Sales Agents must provide the consumer in writing or by means of an electronic display, an estimate of the total annual charges for energy before entering into an Energy Supply contract. Furthermore, the estimate must
  - Be based on the best information available to the Sales Agent;
  - Set out clearly the basis for the estimate; and
  - For direct debit payments a clear explanation of how the payments have been calculated and how these amounts relate to the estimated total annual charges.

Q.6 Do respondents think that the section of the Code relating to face to face selling covers all relevant areas? Are there any further comments that respondents have with relation to face to face selling?

d) **Telesales**

Telesales is similar to doorstep selling in the respect that it is approaching a person in their own home as such similar rules apply. This includes the time of day in which calls can be made and respecting the fact that a customer may not wish to engage with a Sales Agent.
With this in mind the Code includes stipulations such as:

- Unless requested otherwise, a supplier must only contact a domestic consumer for marketing purposes between 9am and 8pm (Monday to Friday) and between 9am and 7pm (Saturday). They will not contact a consumer on a Sunday, any Public or Bank Holiday or Christmas Eve.
- If, at any time during the call, the consumer states that they do not wish to continue, the supplier must end the call. In addition to this, the supplier must also remove the consumer from the contact list if asked to do so.
- Companies should ensure that those households who have signed up to the telephone, mail or fax preference service are not to be approached for sales.

Q.7 Do respondents think that the section of the Code relating to telesales covers all relevant areas? Are there any further comments that respondents have with relation to telesales?

e) Website/Internet

This element of selling is also covered by ‘The Consumer Protection (Distance Selling) Regulations 2000’. It is essential that any information a customer is exposed to by a supplier is as clear (easily understandable) and as accurate as possible.

In the event that a supplier uses the Internet for marketing the information they provide should enable a customer to decide whether to buy the product or service.

The Code includes stipulations such as:
- The business name and postal address is provided if payment is required in advance;
- How long the offer or price remains valid; and

The minimum duration for any long-term contract

Q.8  Do respondents think that the section of the Code relating to internet marketing covers all relevant areas? Are there any further comments that respondents have with relation to internet marketing?

f)  Marketing Material/literature
Across all areas of marketing it is important that any representations made to a customer are as clear and accurate as possible. Marketing literature should also take account of the Committee of Advertising Practice’s Code\(^\text{13}\) (The CAP Code). This applies to any marketing material or literature which is given to a customer. In this respect the Code includes stipulations such as:

- Suppliers, or those acting on behalf of the Suppliers, must ensure that any of their marketing material is legal, decent, honest and truthful.

Q.9  Do respondents think that the section of the Code relating to marketing materials covers all relevant areas? Are there any further comments that respondents have with relation to marketing materials?

g)  Marketing by email or via text message
The area of marketing by e mail or via text message is also governed by data protections legislation. Suppliers may send electronic mail or text message for direct marketing purposes but it should be in line with this legislation. In relation to email the Code specifically states that the following information must also be provided to the customer:

\(^{13}\) http://www.cap.org.uk/The-Codes/CAP-Code.aspx
o The Supplier’s name and address;
o The Suppliers e mail address/other means of electronic contact or a
contact number;
o An easy method of unsubscribing/removing their e mail address
from future messages (with no cost to the customer).

In relation to text message specifically:

o The supplier’s name;
o An easy method of unsubscribing/removing their mobile phone
number from future messages (with no cost to the customer).

Q.10 Do respondents think that the section of the Code relating to
marketing by email/text message covers all relevant areas? Are
there any further comments that respondents have with relation to
marketing by email/text?

h) Marketing by Post
This area has a direct crossover to marketing by email or text message whereby
consumers will receive marketing literature, but it will come into their home.
Anything which is sent by post to a customers’ home must comply with the Code
in respect of marketing literature.

In addition to this, the Code also stipulates that:

- Consumers are entitled to request that they no longer receive marketing
  material from a supplier; and
- Suppliers are obliged to ensure those consumers do not receive marketing
  from them unless specifically requested (move their contact details to a
  ‘not for contact’ file or database).

This section of the Code will help to ensure that customers do not feel harassed by
unwanted communication from a supplier. As demonstrated in this section the
Marketing Code of Practice covers a number of areas linked to the marketing and
sales activities carried out by Suppliers. However, there may be other areas that could be considered in addition to those outlined above.

Q.11 Do respondents think that the section of the Code relating to marketing by post covers all relevant areas? Are there any further comments that respondents have with relation to marketing by post?

Q.12 Are there any other areas which you believe the Marketing Code of Practice should cover?

Monitoring and Enforcement of the Marketing Code of Practice

Effective monitoring and reporting by Suppliers are essential to track progress in customer protection, identify issues that need resolving and highlight areas for future action. Amended Condition 36 in the Electricity Supply Licences and New Condition 2.23 in the Gas Supply Licences specify that licences shall keep records of the operation of arrangements set out in the Code of Practice.

The purpose of monitoring and collecting the data is to ensure that domestic customers are being protected and determine if Suppliers are complying with their licence conditions. Our intention is that information collected will be fit for purpose to ensure that the Marketing Code is being complied with and that we can use the information to present a meaningful picture of supplier performance in this area.

Having considered the core principles of proportionality and accountability we have decided to only ask for information which will help us achieve our statutory duties with respect to the Marketing Code. We do not wish the monitoring and data provision activities to be overly burdensome to Suppliers and are only seeking information which we believe will help us identify how Suppliers are complying with their licence obligations.

It is our intention that any information requirements will be considered in line with market monitoring and information requests in the wider sense and will ensure that
the same information is not requested multiple times by different parts of the organisation. We will be formulating an appropriate monitoring regime for compliance with the Marketing Code of Practice as part of the wider Market Monitoring regime which we are developing and will consult on in due course.

With regard to the investigation of breaches of the Marketing Code, there are a number of ‘funnels’ or options in relation to where a trigger might originate. In certain circumstances it is anticipated that a trigger may be the direct result of a single incident. However in other cases a trigger is unlikely to be an isolated incident. Rather, a trigger, whereby the UR is made aware that there may be non compliance with the Code, is likely to occur where there is evidence of ongoing non-compliance, or evidence of a “cluster” of complaints emerges however in some instances a single event may be sufficient to trigger. An example of this is perhaps where an organisation such as CCNI or Trading Standards receives a single or a number of ongoing complaints in relation to the same practice or same supplier.

In the event that this happens, it may provide the trigger for an investigation to establish if the behaviour results in non-compliance with the Code. If this is found to be the case then a breach in licence will have occurred and a licence breach investigation will be undertaken, including an assessment of the requirement for enforcement action.

In this instance, companies may be asked to provide evidence to show that they have been adhering to Code. An example of this may be where a supplier has provided information to customers and there has been a disagreement over that information, for example where a customer felt they’d been given an inaccurate quote or the price charged wasn’t the price agreed.

We propose that the monitoring of the Marketing Code will be a combination of proactive and reactive monitoring. The UR retains the right to request information regarding Supplier marketing policies, training and materials and will liaise with CCNI and Trading standards if complaints identify systemic failures indicating a potential breach of the Code.
Publication of the Marketing Code of Practice

An essential part of improving protection is ensuring that customers are aware of the Code of Practice and how to access it.

- A copy of the Marketing Code will be published on the UR’s website. Suppliers shall publish a copy of the Marketing Code on their website.

- Suppliers shall ensure that advice giving organisations, charitable organisations which seek to help vulnerable customers and those organisations which request one, are sent up to date copies of the Marketing Code.

- Suppliers shall provide a copy of their Marketing Code to any customer who asks for it or to the representative of the customer.

- Suppliers shall upon receipt of a reasonable request supply a copy of the Code in an alternative format such as Braille.

Q.13 Do respondents think that the approach to monitoring is appropriate? Are there any further comments that respondents have with relation to monitoring, reporting and compliance?

Q.14 Do respondents think that the publishing requirements outlined cover all relevant areas? Are there any further comments that respondents have with relation to publishing the Marketing Code of Practice?
The Marketing Code of Practice will be reviewed in line with licence obligations and as directed by the UR.

**Summary of Questions**

Q1. Do respondents agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?

Q2. Do respondents consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.

Q3. Do respondents think that the section of the Code relating to recruitment and training covers all relevant areas? Are there any further comments that respondents have with relation to recruitment and training?

Q4. Do respondents think that the practice of doorstep selling is appropriate for Northern Ireland?

Q5. Do respondents think that the section of the Code relating to doorstep selling covers all relevant areas? Are there any further comments that respondents have with relation to doorstep selling?

Q6. Do respondents think that the section of the Code relating to face to face selling covers all relevant areas? Are there any further comments that respondents have with relation to face to face selling?

Q7. Do respondents think that the section of the Code relating to telesales covers all relevant areas? Are there any further comments that respondents have with relation to telesales?

Q8. Do respondents think that the section of the Code relating to internet marketing covers all relevant areas? Are there any further comments that respondents have with relation to internet marketing?
Q.9  Do respondents think that the section of the Code relating to marketing materials covers all relevant areas? Are there any further comments that respondents have with relation to marketing materials?

Q.10  Do respondents think that the section of the Code relating to marketing by email/text message covers all relevant areas? Are there any further comments that respondents have with relation to marketing by email/text?

Q.11  Do respondents think that the section of the Code relating to marketing by post covers all relevant areas? Are there any further comments that respondents have with relation to marketing by post?

Q.12  Are there any other areas which you believe the Marketing Code of Practice should cover?

Q.13  Do respondents think that the approach to monitoring is appropriate? Are there any further comments that respondents have with relation to monitoring, reporting and compliance?

Q.14  Do respondents think that the publishing requirements outlined cover all relevant areas? Are there any further comments that respondents have with relation to publishing the Marketing Code of Practice?
Annex A – The UR Marketing Code of Practice

This code covers both Domestic & I&C customers unless otherwise indicated.

Nothing in this Code of Practice is intended to, or should be deemed to, constitute an exemption from the suppliers’ legal obligation to comply with any and all relevant legislation, statute, statutory instrument, regulation or order (or any provision thereof) or any subordinate legislation.

Section 1: Third Parties

1.1 For clarity, where a Supplier contracts with a third party for the provision of Sales Agents, the Supplier must ensure that the third party complies with all components of this Code, in relation to Sales/Marketing activities. Any breaches of this code by a third party will be deemed to be a breach by the supplier.

Section 2: Recruitment and Training

2.1 A Supplier must put in place and follow procedures which are appropriate for the selection of other Representatives who are employed or engaged in roles which might involve or will involve communication with Customers for the purpose of its Marketing Activities.

2.2 Suppliers will ensure that they only engage suitable individuals as Sales Agents. As an intrinsic part of the recruitment process, the Supplier must:

2.2.1 take into account the knowledge and skills of the individual in relation to the knowledge and skills required for the role; and

2.2.2 take all reasonable steps to obtain sufficient information about the individual’s previous relevant activities and training.

2.3 Whilst operating within current employment legislation, Sales Agents will be recruited with due regard to:

2.3.2 Behaviour and appearance – the important role that the Sales Agent plays as the ‘public face’ of the industry must be recognised.

2.3.3 Security – due regard must be given to the checking of appropriate references in assessing the appropriateness of the individual to the role of the Sales Agent.

2.4 The following are also explicit requirements in the selection of Sales Agents:
2.4.1 Sales Agents must provide proof of NI number (or temporary NI number), proof of address and two references. Where a temporary NI number is provided a valid passport must also be provided.

2.4.2 Referees must not be related to the applicant.

2.4.3 A primary reference must be a business reference and preferably their last employer with either a criminal record report or (subsequent to this code being implemented) a reference from a previous employer who adheres to this Code in compliance with their supplier licence. If a criminal record check or reference from a previous employer who adhered to this Code is not available, a secondary business or professional/character reference is required.

2.4.4 All Suppliers will carry out a CRB Check in relation to any individual prior to being allowed to become a Sales agent representing that supplier.

2.4.5 If a Sales Agent ceases to represent the Supplier, a copy of his or her records will be retained by the Supplier for a minimum period of three years. The Supplier should also ensure retrieval of the agent’s ID card.

2.5 A Supplier must provide or procure appropriate training for all staff or other Representatives who communicate with Customers for the purposes of the licensee’s Marketing Activities. This training should include, but not be limited to, training about the Supplier’s obligations insofar as they affect Customers, including its obligations under this Code.

2.6 Suppliers will ensure that as a minimum the training will:

2.6.1 take into account the knowledge and skills necessary to fulfil the role.

2.6.2 take into account changes in the market and to products/services, legislation and regulation.

2.6.3 Insofar as possible be reflective of consumer ethnicity and diversify.

2.6.4 provide training on the recognition and treatment of vulnerable consumers.

2.6.5 be compliant with relevant equal opportunities employment legislation.

2.6.6 be linked to a verifiable standard of competence measurement.

2.6.7 include a probationary period for all new recruits.

2.6.8 include defined monitoring procedures to ensure consistency of training delivery.

2.6.9 be effective and up to date. Should contain details such as:

2.6.10 relevant customer terms and conditions

2.6.11 relevant principles of consumer protection law.

2.6.12 customer cancellation process.

2.6.13 the procedure for handling customer complaints

2.6.14 the consequences of mis-selling or deliberately giving false information to a customer or any other such breach of this code

Section 3: Doorstep Selling

3.1 If a supplier engages in marketing calls at a consumer’s premises or place of residence, upon arrival, the supplier must immediately:
3.1.1 Produce/Display an identity card, and if appropriate, a business card, which clearly displays their full name and photograph and the name, business address, contact number of the supplier and an expiry date for validity of the card. Thereafter, the supplier must always show the card to the consumer if asked. Sales Agents must not misrepresent themselves or the purpose of their visit. The sales agent should be verifiable through the ‘Quick Check’ scheme.

3.1.2 Give the consumer the reason for the visit and clarify if the consumer wishes to proceed with a presentation about the product(s) being sold. If they do not, the supplier must leave the premises immediately and inform the consumer they can be removed from the contact list. The supplier must tell the consumer how to do this if asked and action such removal if the consumer wishes to be removed.

3.1.3 Provide the customer with a copy of the standard doorstep/face-to-face sales checklist prior to the commencement of the sales pitch; this is to help the customer ensure that the agent has followed the correct procedure (See annex B);

3.2 The salesperson must obtain permission from the consumer before entering their premises or place of residence. A consumer has the right to refuse to let the salesperson enter their premises/residence, and may wish to either end the conversation or continue with it at their doorstep. If a customer indicates that the contact is unwelcome the salesperson must cease immediately and leave the premises.

3.3 Unless otherwise requested, a supplier must only contact a domestic consumer at home for marketing purposes between:

i. 9am to 7pm on weekdays
ii. 9am to 7pm on Saturdays.

And not during:
iii. Christmas Eve
iv. Any Public or Bank Holiday
v. Sundays.

Domestic consumers should not be contacted outside of these times.

3.4 Contacting business customers

There are no specific time constraints on when business consumers can be contacted. However suppliers are asked to exercise reasonable judgment outside the consumer’s normal business hours. Suppliers should be aware that business opening hours vary before contacting the business consumer.

3.5 Where there is sheltered housing

Approval must be gained from the warden or other person in authority before making any approach to the residents.

3.6 Sales Agents will:

3.6.1 take account of the consumer’s personal circumstances.
3.6.2 not call on any premises where there is a message prominently displayed in the form of a visible, clearly worded and unambiguous notice indicating that a consumer does not wish to receive uninvited doorstep sales callers.
3.6.3 Sales Agents must not exploit a person’s inexperience, vulnerability, credulity, loyalties or intimidate a consumer in an attempt to restrict their ability to make an informed choice.

3.7 Sales Agents must at all times:

3.7.1 be courteous and professional.

3.7.2 avoid the consumer misunderstanding any information given or making false assumptions, in particular over potential savings, and must not act to mislead or make omissions designed to mislead.

3.7.3 must not use high pressure tactics or any Banned Practices.

3.8 Sales Agents must provide the consumer in writing or by means of an electronic display, the unit rate which the customer will be charged for all products discussed.

3.8.1 Tariffs with standard unit rates should be shown in the following formats:

<table>
<thead>
<tr>
<th>Tariff Name</th>
<th>Pence per unit (ex. VAT)</th>
<th>Pence per unit (inc. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Show standing charges (if applicable) as an annual amount (or such other period e.g. quarter as is applicable) inclusive and exclusive of VAT that applies to the tariff. This approach should be applied to any other fixed charge applied by the supplier.

All associated fixed costs should be presented alongside unit rates and any discounts on unit rates in the same text and font size.

<table>
<thead>
<tr>
<th>Tariff Name</th>
<th>Standard Unit Rate</th>
<th>Dual Fuel Discount</th>
<th>Dual Fuel/DD Discount</th>
<th>Dual Fuel/DD/E-billing Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Furthermore tariffs with any discounts being offered off the standard rate tariff of that supplier (e.g. for Direct Debit or a discounted period) should be shown in the following format.

Each discount must be set out clearly in pence per unit (or such other discount applicable e.g. quarterly discount amount, fixed amount discount) alongside the standard unit rate to demonstrate the actual unit rate the customer will be charged (including any discounts) and the duration of any discount.

Note that the discounts used in the table below are for illustrative purposes:

<table>
<thead>
<tr>
<th>Pence per Unit (ex. VAT)</th>
<th>Standard Unit Rate</th>
<th>Dual Fuel Discount</th>
<th>Dual Fuel/DD Discount</th>
<th>Dual Fuel/DD/E-billing Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.00</td>
<td>9.00</td>
<td>8.00</td>
<td>7.00</td>
<td></td>
</tr>
</tbody>
</table>

3.8.2 Where a supplier is offering a dual fuel bundle, the gas and electricity tariffs should be shown separately with details provided on additional components of the tariff.

3.8.3 For differently composed or more complex tariffs where additional tariff rate elements are included in the proposal, such as tiered unit charges, kVA capacity or reactive charges or where there are other differences (e.g. no standing charge but a minimum usage charge instead) the information required in 3.8.1 and 3.8.2 should be displayed in a similar manner to the aforementioned illustrations.

3.8.4 Indexed or pass through tariffs, such as pool uplift, should clearly show the Supplier’s own cost elements as a unit rate alongside other pass through tariff elements.

3.8.5 Any seasonally adjusted tariff rates need to be clearly associated with the relevant time of day rates. Where these seasonal tariff rates are compared with annual rates appropriate consumptions weightings should be used to provide a fair comparison.

3.9 For all consumers where the Sales Agent had stated they can save money on Energy Supply the Sales Agent must provide a comparison with the consumers current unit rates (i.e. those being charged by the consumers existing supplier including any current discounts given) in writing or by means of an electronic display. The format for the comparison of these unit rates must be the same as that laid out in 3.8.1. To avoid any confusion caused by varying consumption levels agents will not be permitted to provide comparisons on an annual bill basis where the timescales and energy consumptions are not the same. For more complex tariff offerings agents must provide clear and transparent information that illustrates the offering adequately and any savings quoted.

The unit rate comparison must:

3.9.1 be based on the best information available to the Sales Agent. This must be information that is accurate and relevant to proving to the consumer that switching will save them money as stated by the sales agent. If no information or inadequate information is available e.g. the sales agent cannot ascertain what the consumer’s current unit rate is then the sales agent will not state that he/she can save the consumer money or they will retract any previous statement made indicating that they could save the consumer money.

3.9.2 include any relevant differences.

3.10 Suppliers will maintain records for not less than 2 years including the date of contact with the consumer and sufficient information to allow the positive identification of the Sales Agent involved. Any material shown to the customer such as price comparison information should also be maintained (including electronic displays). This will assist in dealing with any complaint or query.

3.11 Where the customer enters into an Energy Supply contract the Sales Agent must provide the customer with a copy of the written unit rate(s) in one of the formats specified in 3.8.1 to 3.8.5 and also with a written copy of the Terms and Conditions of the contract and obtain a signature from the consumer to confirm this. If it has been claimed savings can be made the information pack must also include the relevant comparative information presented to the customer.

3.12 The sales agent must:
3.12.1 not abuse the trust of vulnerable or inexperienced customers, for example those who are elderly or those who have special needs. Sales agents should not complete an energy supply contract with customers who are not capable, at the time of the contact, of making an informed decision as to whether or not to enter into the contract.

3.12.2 ensure that details of how a customer’s account information may be used with respect to debt flagging is clearly set out on the sign up form and within the sign up process. Explain how a debt flag may be raised against the customer’s account by their existing supplier.

3.12.3 provide the customer with details of any cooling off period that applies and how to go about cancelling their request to switch supplier within that cooling off period (in line with existing legislation).

3.12.4 confirm that the customer has read and understood the doorstep/face-to-face sales checklist (where the customer is being signed up in person)

3.12.5 provide their ID name/number in writing.

3.13 Suppliers must design application literature such that the nature of the literature or forms is clear to the consumer. It must be made clear on the literature itself that the consumer is entering into a legal and binding contract and a statement of this nature should be immediately adjacent to where the consumer signs, so that the word CONTRACT cannot be obscured or concealed.

3.14 Suppliers must within 7 days of entering into the Energy Supply contract, take all reasonable steps to contact the consumer to confirm that the consumer:

3.14.1 understands that they have entered into a contract.

3.14.2 understands the principal terms and conditions of the contract including any fixed term conditions, duration any applicable exit fees and any other specific conditions of the contract

3.14.3 is content to have entered into that contract.

3.14.4 has received in writing or been shown (by means of electronic display) the estimate of the proposed unit rates and any comparison given by a sales agent.

3.14.5 Suppliers will, in confirming an Energy Supply contract, advise the consumer of the expected date of commencement of supply.

3.15 Where a consumer has entered into an Energy Supply contract the company must maintain a record of the information provided to that consumer for a minimum of 2 years.

3.16 Where the consumer indicates in response to 3.15 that they are not content to have entered into an Energy Supply contract the company must take all reasonable steps to ensure that:

3.16.1 the contract is ended.

3.16.2 the company does not begin to supply the consumer.
In relation to Face to Face selling, as well as the stipulations laid out here in 4, the following elements of Section 3 (Doorstep Selling) should also be adhered to:

- 3.1.1, 3.1.3
- 3.6.1, 3.6.3
- 3.7
- 3.8
- 3.9
- 3.10
- 3.11
- 3.12
- 3.13
- 3.14
- 3.15
- 3.16

In the case of marketing at events or on third party retail premises, Sales Agents may make sales:

i. Between 8am and 10pm.

In any telephone call made by or on behalf of a supplier to a customer for the purposes of marketing, the caller must, as soon as practicable, clearly identify:

i. his or her name; and

ii. contact number (if requested by the customer); and

iii. the name of the supplier on whose behalf the call is being made; and

iv. the purpose of the call.

If told by a customer, at any time during a telephone conversation between the customer and the caller that the customer does not wish to continue, the caller must cease the phone call immediately without attempting to change the customers mind. Furthermore the caller must not continue the conversation in any other way save to explain the terms of 5.3.
5.3 The supplier must also inform the customer they can be permanently removed from the contact list and remove the consumer from their contact list if asked.

5.4 Unless otherwise requested, a supplier must only contact a domestic consumer at home for marketing purposes between:

i. 9am to 8pm on weekdays
ii. 9am to 7pm on Saturdays.

And not during:
iii. Christmas Eve
iv. Any Public or Bank Holiday
v. Sundays.

Domestic consumers should not be contacted outside of these times.

5.5 Similarly to Section 4 Face-to-Face selling/contact the following elements of Section 3 (Doorstep selling) will also apply:

- 3.1.3
- 3.6.1, 3.6.3
- 3.7
- 3.8 (this would be a follow up to the telephone call)
- 3.9 (this would be a follow up to the telephone call)
- 3.10
- 3.11 (this would be a follow up to the telephone call)
- 3.12
- 3.13
- 3.14

6.1 If a customer is ‘signed up’ via the website/internet then the supplier must also comply with the following sections of this Code:

- 3.1.3
- 3.6.1, 3.6.3 – telephone only
- 3.7 – telephone only
- 3.8 – follow up to website or telephone contact by the customer
- 3.9 – follow up to website or telephone contact by the customer
- 3.10
- 3.11
- 3.12 of this code except for 3.12.10 (sales agent ID/name in the case of website)
- 3.13
- 3.15
Marketing Materials will be all materials and information related to potential offerings including printed materials, information and information on websites.

7.1 Suppliers, or those acting on behalf of the suppliers, must ensure that any of their marketing material is legal, decent, honest, easily understandable and truthful.

7.2 Information contained in marketing literature should be as accurate and up to date as possible.

7.3 All marketing communications should respect the principles of fair competition.

7.4 Marketing communications must be in line with the Committee of Advertising Practice’s Code16 (The CAP Code).

7.5 Where marketing literature contains prices or price comparisons it must comply with those conditions set out in 3.8 and 3.9

8.1 Suppliers may send electronic mail or SMS for direct marketing purposes in line with appropriate regulations.

8.2 Where a supplier engages in marketing via e-mail to customers, the supplier must provide the following information to customers:

8.2.1 the supplier’s name and address; and

8.2.2 the supplier’s e-mail address or other means of electronic contact; or

8.2.3 the supplier’s contact telephone number; and

8.2.4 an easy method of unsubscribing/removing their email address from future messages at no cost to the customer. This should be clearly shown on the e-mail.

8.3 Where a supplier engages in marketing via SMS to customers, the supplier must provide the following information to customers:

8.3.1 the supplier’s name, address and contact number; and

8.3.2 an easy method of unsubscribing/removing their mobile phone number from future messages at no cost to the customer.

8.4 If the consumer chooses to opt out of future marketing the supplier must not contact that consumer in any way for marketing purposes, unless the consumer has agreed or asked for further contact.

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The supplier must suppress their details or move their details to a ‘not for contact’ file or database within 28 days. After that time, the consumer should not be contacted without their consent. A consumer may ask for written confirmation from the supplier that they will not be contacted and this should be provided within 40 days of the request.

Where a supplier employs agents to conduct direct marketing on its behalf, any requests from consumers to be removed from the database should be forwarded to that agent who must follow the same procedure.

A supplier must be able to show that it is complying by keeping a ‘not for contact’ database.

Suppliers will also use the Telephone Preference Services[^17] and Mailing Preference Services[^18] database available to them.

8.5 In relation to Marketing by email or via text message a supplier must also adhere to the conditions laid out in Section 7 of this Code.

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Section 9: Marketing by Post

9.1 If a Supplier or someone acting on their behalf carries out marketing by post they must also comply with Section 7 of this Code and respect the appropriate regulations applicable in Northern Ireland for all marketing communications, including the Mailing Preference Service.

9.2 Consumers are entitled to request that they no longer receive marketing material (i.e. marketing material which is addressed to them) from a supplier.

9.3 Suppliers are obliged to ensure those consumers do not receive marketing material from them unless it has been specifically requested. If this is the case they must also comply with Section 8.4 of this Code. In addition to this, suppliers may not pass on any information they hold on a customer to any third party.

9.4 Consumers may continue to receive general marketing information (e.g. flyers) from the supplier delivered with their mail.

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[^17]: [www.tpsonline.org.uk/tps/whatistps.html](http://www.tpsonline.org.uk/tps/whatistps.html) or contact 0845 070 0707.

Agent: An agent refers to a person or organisation which conducts marketing activities on behalf of electricity and natural gas suppliers.

Consumer: A consumer can be either an existing or potential customer of an electricity and / or natural gas supplier. In this document, consumer refers to both domestic and business consumers, unless otherwise stated.

Marketing / Marketing Activities: Marketing activities refers to the practices of an electricity and / or natural gas supplier when selling their services to a consumer.

Supplier: A supplier refers to an electricity or natural gas company providing a supply of electricity or natural gas in Northern Ireland


Annexe B – Sales checklist format

Suppliers are free to brand the checklist, however the checklist should state the following as is:

Energy Sales Checklist

The Utility Regulator requires all suppliers to give potential customers a copy of this checklist before signing them up for an account.

Please go through each question and make sure that the sales agent has covered each step.

Did the agent:

a) In the case of face-to-face or doorstep, show you his/her identification card and tell you which company they are working for?
b) Go through the products on offer and explain the charges to you?
c) Explain how any discounts will be applied to your account?
d) Explain the key terms and conditions of supply?
e) Explain how long the contract applies for?
f) Explain how you will be billed?
g) Explain how to make payments on your account and any budgeting options available? By direct debit, in cash
h) Explain any deposit that may apply to your account?
i) Explain any penalties that apply if you do not meet the terms of the contract?
j) Explain how to cancel your contract if you change your mind?
k) Explain how your existing account will be closed and your new account will be opened
l) Give you a copy of your terms and conditions and the rates that apply to your account or explain how these will be sent to you?
m) Confirm that you understand that you are switching to a specified product with a specified payment method and explain any fixed term conditions you are agreeing to as part of the contract. This should include duration and any applicable exit fees and any other specific conditions of the fixed term.
n) Provide you with details of any cooling off period that applies and how to go about cancelling their request to switch supplier within that cooling off period (in line with existing legislation).
o) Confirm that you have read and understood this checklist?

If you believe our agent has acted inappropriately or you would like to confirm any aspect of your new account you can contact our customer services team: INSERT SUPPLIER CONTACT DETAILS WHICH WILL, AS A MINIMUM, INCLUDE A SUPPLIER (not Agent) TELEPHONE NUMBER.